

Subpart H—Transferring All or Part of the Operating Rights in a Lease

§ 556.800 As an operating rights owner, may I assign all or part of my operating rights interest?

An operating rights owner may assign all or part of its operating rights interests, subject to BOEM approval. Each instrument that transfers an interest must describe, by officially designated aliquot parts and depth levels, the interest proposed to be transferred.

§ 556.801 How do I seek approval of an assignment of my operating rights?

(a) The Regional Director will provide the form to document the assignment of an operating rights interest. You must request approval of each assignment of operating rights and submit to BOEM two originals of each instrument that transfers ownership of operating rights within 90 days after the last party executes the transfer instrument. You must pay the service fee listed in § 556.106 with your request and your submission must include evidence of payment via pay.gov.

(b) A new operating rights owner must file a designation of operator, in accordance with § 550.143, along with the request for the approval of the assignment.

(c) If an operating rights owner assigns an undivided ownership interest in its operating rights, that assignment creates a joint ownership in the operating rights.

(d) Before BOEM approves a sublease or re-assignment of operating rights, BOEM may consult with and consider the views of the Attorney General.

§ 556.802 When would BOEM disapprove the assignment of all or part of my operating rights interest?

BOEM may disapprove an assignment of all or part of your operating rights interest:

(a) When the transferor or transferee has outstanding or unsatisfied obligations under this chapter or 30 CFR chapter II or XII;

(b) When a transferor attempts a transfer that is not acceptable as to form or content (e.g., not on standard form, containing incorrect legal de-

scription, not executed in accordance with corporate governance, transferee does not meet the requirements of § 556.401, etc.); or

(c) When the transfer does not conform to these regulations, or any other applicable laws or regulations (e.g., departmental debarment rules).

§ 556.803 What if I want to assign operating rights interests in more than one lease at the same time, but to different parties?

You may not assign operating rights interests in more than one lease to different parties using the same instrument. If you want to transfer operating rights interests in more than one lease at the same time, you must submit two originally executed forms for each transfer. Each request for a transfer of operating rights interest must be accompanied by a cover letter executed by one of the parties to the transfer (or an authorized agent thereof) and evidence of payment via pay.gov.

§ 556.804 What if I want to assign my operating rights interest in a lease to multiple parties?

You may assign your operating rights interest in one lease to multiple parties using the same instrument. That instrument must be submitted in duplicate originals, accompanied by a cover letter executed by one of the parties to the transfer (or an authorized agent thereof). In such a multiple transfer of interests using a single instrument, a separate fee applies to each individual transfer of interest and evidence of payment via pay.gov must accompany the instrument.

§ 556.805 What is the effect of an operating rights owner's assignment of operating rights on the assignor's liability?

An operating rights owner (who does not hold record title) who assigns the operating rights remains liable for all obligations of the lease that accrued during the period in which the assignor owned the operating rights, up to the effective date of the assignment, including decommissioning obligations that accrued during that period. BOEM's approval of the assignment does not alter that liability. Even after

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assignment, BOEM or BSEE may require the assignor to bring the lease into compliance if the assignee or any subsequent assignee fails to perform any obligation under the lease, to the extent the obligation accrued before approval of the assignment.

§ 556.806 What is the effective date of an assignment of operating rights?

An assignment is effective at 12:01 a.m. on the first day of the month following the date on which BOEM approves your request, unless you request an earlier effective date and BOEM approves that earlier date. Such an earlier effective date, if prior to the date of BOEM's approval, does not relieve you of obligations accrued between that earlier effective date and the date of approval.

§ 556.807 What is the effect of an assignment of operating rights on an assignee's liability?

As assignee, you and any subsequent assignees are liable for all obligations that accrue after the effective date of your assignment. As assignee, you must comply with all the terms and conditions of the lease and regulations issued under OCSLA. In addition, you must remedy all existing environmental and operational problems on the lease, properly abandon all wells, and reclaim the site, as required under 30 CFR part 250.

§ 556.808 As an operating rights owner, are there any interests I may assign without BOEM approval?

(a) You may create, transfer, or assign economic interests without BOEM approval. However, for record purposes, you must send BOEM a copy of each instrument creating or transferring such interests within 90 days after the last party executes the transfer instrument. For each lease affected, you must pay the service fee listed in § 556.106 with your documents submitted for record purposes, and your submission must include evidence of payment via pay.gov.

(b) For record keeping purposes, you may also submit other legal documents to BOEM for transactions that do not require BOEM approval. If you submit such documents for record purposes

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that are not required by these regulations, for each lease affected, you must pay the service fee listed in § 556.106 with your document submissions, and your submission must include evidence of payment via pay.gov.

§ 556.809 [Reserved]

§ 556.810 What must I do with respect to the designation of operator on a lease when a transfer of operating rights ownership is submitted?

(a) If a transfer of ownership of operating rights only changes the percentage ownership; no new parties, new aliquots, or new depths are involved in the transaction; and no change of designated operator is made, you will not need to submit a new designation of operator form.

(b) In all cases other than that in paragraph (a) of this section, you must submit new designation of operator forms, in accordance with § 550.143 of this chapter. In the event that you are transferring multiple operating rights interests, you must comply with this requirement for each interest that does not fall within paragraph (a) of this section.

Subpart I—Bonding or Other Financial Assurance

§ 556.900 Bond requirements for an oil and gas or sulfur lease.

This section establishes bond requirements for the lessee of an OCS oil and gas or sulfur lease.

(a) Before BOEM will issue a new lease or approve the assignment of an existing lease to you as lessee, you or another record title owner for the lease must:

(1) Maintain with the Regional Director a \$50,000 lease bond that guarantees compliance with all the terms and conditions of the lease; or

(2) Maintain a \$300,000 area-wide bond that guarantees compliance with all the terms and conditions of all your oil and gas and sulfur leases in the area where the lease is located; or

(3) Maintain a lease or area-wide bond in the amount required in § 556.901(a) or (b).